



TDK Corporation
October 30, 2015

Contact;

TDK Corporation (Tokyo)

Corporate Communications Group

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Consolidated results (U.S. GAAP) for the 2nd quarter of FY March 2016

Summary (April 1, 2015 - September 30, 2015)

Term Item	1H of FY2015 (Apr. 1, 2014 - Sep. 30, 2014)		1H of FY2016 (April 1, 2015 - September 30, 2015)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	502,275	100.0	587,614	100.0	4,896,783	85,339	17.0
Operating income	27,922	5.6	45,575	7.8	379,792	17,653	63.2
Income before income taxes	27,356	5.4	44,082	7.5	367,350	16,726	61.1
Net income attributable to TDK	18,140	3.6	31,469	5.4	262,242	13,329	73.5
Per common share :							
Net income attributable to TDK / Basic	Yen 144.17		Yen 249.69		U.S.\$ 2.08		
Net income attributable to TDK / Diluted	Yen 140.45		Yen 239.43		U.S.\$ 2.00		
Capital expenditures	42,802	-	72,482	-	604,017	29,680	69.3
Depreciation and amortization	39,183	7.8	41,550	7.1	346,250	2,367	6.0
Research and development	34,104	6.8	40,952	7.0	341,267	6,848	20.1
Result of financial income (loss)	782	-	606	-	5,050	(176)	-
Ratio of overseas production	87.4%	-	86.9%	-	-		
Number of employees	86,291	-	92,619	-	-		

**2nd quarter consolidated results
(July 1, 2015 - September 30, 2015)**

Term Item	2Q of FY2015 (Jul. 1, 2014 - Sep. 30, 2014)		2Q of FY2016 (July 1, 2015 - September 30, 2015)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	264,813	100.0	308,058	100.0	2,567,150	43,245	16.3
Operating income	18,327	6.9	27,435	8.9	228,625	9,108	49.7
Income before income taxes	17,001	6.4	25,147	8.2	209,558	8,146	47.9
Net income attributable to TDK	12,386	4.7	18,370	6.0	153,083	5,984	48.3
Per common share :							
Net income attributable to TDK / Basic	Yen 98.43		Yen 145.72		U.S.\$ 1.21		
Net income attributable to TDK / Diluted	Yen 95.16		Yen 138.98		U.S.\$ 1.16		
Capital expenditures	22,828	-	43,792	-	364,933	20,964	91.8
Depreciation and amortization	19,533	7.4	21,016	6.8	175,133	1,483	7.6
Research and development	17,388	6.6	21,043	6.8	175,358	3,655	21.0
Result of financial income (loss)	475	-	327	-	2,725	(148)	-
Ratio of overseas production	88.5%	-	85.1%	-	-		

Note:

U.S.\$1=Yen 120, for convenience only.

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[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the Second Quarter of Fiscal 2016

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first half of fiscal 2016, the period from April 1 to September 30, 2015, were as follows.

Looking at the first half of fiscal 2016, the global economy kept expanding against a backdrop of employment and income improvements in the U.S. The economy in Europe continued to recover gradually. For the most part, growth rates in the emerging economies stayed higher than those among the industrialized nations. However, economic growth slowing down in China has begun to have a ripple effect on the countries that trade a large extent with it.

Under these world economic conditions, the electronics market, which has a large bearing on the consolidated performance of TDK, saw production levels differ by finished product. Production of smartphones increased from the same period last fiscal year, driven by sustained growth in demand in the Chinese market. Production in the automobile market was slightly higher than in the same period of the previous fiscal year, driven mainly by solid automobile sales in the U.S. Meanwhile, production of PCs declined compared to the same period of the previous fiscal year when there had been firm demand for replacement of PCs spurred by the end of support for Windows XP. Production of hard disk drives (HDDs) declined compared to the same period of the previous fiscal year due to the decreased demand for PCs despite the continued strength of the market for data center applications.

In this business environment, the TDK's consolidated operating results for the first half of fiscal 2016 were as follows.

Term Item	1H of FY2015 (Apr. 1, 2014 - Sep. 30, 2014)		1H of FY2016 (April 1, 2015 - September 30, 2015)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	502,275	100.0	587,614	100.0	4,896,783	85,339	17.0
Operating income	27,922	5.6	45,575	7.8	379,792	17,653	63.2
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Net income attributable to TDK	18,140	3.6	31,469	5.4	262,242	13,329	73.5
Per common share :							
Net income attributable to TDK / Basic	Yen 144.17		Yen 249.69		U.S.\$ 2.08		
Net income attributable to TDK / Diluted	Yen 140.45		Yen 239.43		U.S.\$ 2.00		

Note:

U.S.\$1=Yen 120, for convenience only.

Average first-half yen exchange rates for the U.S. dollar and the euro were ¥121.80 and ¥135.11, respectively, as the yen depreciated 18.2% against the U.S. dollar and the yen appreciated 2.8% against the euro. This increased net sales by approximately ¥78.8 billion and operating income by approximately ¥14.2 billion.

Sales by Product

Term Product	1H of FY2015 (April 1, 2014 - September 30, 2014)		1H of FY2016 (April 1, 2015 - September 30, 2015)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	73,798	14.7	78,587	13.4	654,892	4,789	6.5
Inductive devices	72,781	14.5	76,465	13.0	637,208	3,684	5.1
Other Passive Components	105,265	20.9	142,915	24.3	1,190,958	37,650	35.8
Passive Components	251,844	50.1	297,967	50.7	2,483,058	46,123	18.3
Recording devices	122,813	24.4	115,292	19.6	960,767	(7,521)	-6.1
Other Magnetic Application Products	51,631	10.3	49,332	8.4	411,100	(2,299)	-4.5
Magnetic Application Products	174,444	34.7	164,624	28.0	1,371,867	(9,820)	-5.6
Film Application Products	59,719	11.9	107,297	18.3	894,142	47,578	79.7
Other	16,268	3.3	17,726	3.0	147,716	1,458	9.0
Total	502,275	100.0	587,614	100.0	4,896,783	85,339	17.0
Overseas sales	455,257	90.6	543,249	92.4	4,527,075	87,992	19.3

Notes:

1. U.S.\$1=Yen 120, for convenience only.
2. In accordance with the reorganization in 1Q of FY2016, certain products of Inductive devices, Other Passive Components and Other Magnetic Application Products were reclassified into Other that wasn't a part of three reportable segments. The prior year's sales are also reclassified to conform to the new segmentation.

(1) Passive Components Segment

This segment is made up of (1) capacitors, (2) inductive devices, and (3) other passive components. Sales in the passive components segment were ¥297,967 million (U.S.\$2,483,058 thousand), up 18.3% year on year from ¥251,844 million.

The capacitors business is made up of ceramic capacitors, aluminum electrolytic capacitors, and film capacitors. Sales in the capacitors business were ¥78,587 million (U.S.\$654,892 thousand), up 6.5% year on year from ¥73,798 million. Sales of ceramic capacitors, aluminum electrolytic capacitors and film capacitors increased to the automotive market.

Sales of inductive devices increased 5.1% year on year from ¥72,781 million to ¥76,465 million (U.S.\$637,208 thousand). Sales increased to the automotive and the information and communications technology (ICT) markets.

Other passive components include high-frequency devices, piezoelectric material products, circuit protection components, and sensors. Sales of other passive components increased 35.8% year on year from ¥105,265 million to ¥142,915 million (U.S.\$1,190,958 thousand). Sales of high-frequency devices increased significantly to the ICT market. Sales of piezoelectric material products, circuit protection components and sensors also increased to the ICT market.

(2) Magnetic Application Products Segment

This segment is made up of (1) recording devices, and (2) other magnetic application products. Segment sales decreased 5.6% year on year, from ¥174,444 million to ¥164,624 million (U.S.\$1,371,867 thousand).

The recording devices business comprises mainly HDD heads and HDD suspension assemblies. It recorded sales of ¥115,292 million (U.S.\$960,767 thousand), down 6.1% from ¥122,813 million. Sales of HDD heads and HDD suspension assemblies declined due to the lackluster HDD production levels.

Other magnetic application products include power supplies and magnets. Sales decreased 4.5% year on year from ¥51,631 million to ¥49,332 million (U.S.\$411,100 thousand).

Sales of power supplies increased to the industrial equipment market. However, sales of magnets decreased to the automotive market and ICT market for use in HDDs.

(3) Film Application Products Segment

This segment includes energy devices (rechargeable batteries) and applied films. Segment sales increased 79.7% from ¥59,719 million to ¥107,297 million (U.S.\$894,142 thousand).

Sales of energy devices increased significantly to the ICT market.

(4) Other

Other includes mechatronics (production equipment) and other businesses. Segment sales increased 9.0% from ¥16,268 million to ¥17,726 million (U.S.\$147,716 thousand).

The main businesses making up the three reporting segments and Other, which includes products not included in these reporting segments, are as follows:

The classification of segments is as follows.

Classification	Constituent Main Business
Passive Components	Ceramic capacitors, Aluminum electrolytic capacitors, Film capacitors, Inductive devices (Coils/Ferrite cores/Transformers), High-frequency devices, Piezoelectric material products, Circuit protection components, Sensors
Magnetic Application Products	HDD heads, HDD suspension assemblies, Power supplies, Magnets
Film Application Products	Energy devices (rechargeable batteries), Applied films
Other	Mechatronics (production equipment), other

[Sales by Region]

Overseas sales increased 19.3% year on year from ¥455,257 million to ¥543,249 million (U.S.\$4,527,075 thousand). Overseas sales accounted for 92.4% of consolidated net sales, a 1.8 percentage point increase from 90.6% in the first half of fiscal 2015. Detailed information on sales by region can be found in the consolidated supplementary information on page 17.

(2) Summary Information Regarding Consolidated Financial Position

(1) The following table summarizes TDK's consolidated balance sheet as of September 30, 2015.

Total assets	¥1,445,089 million	(2.9% increase)
Total TDK stockholders' equity	¥735,721 million	(0.4% decrease)
Stockholders' equity ratio	50.9%	(1.7 point decrease)

As of September 30, 2015, total assets had increased ¥40,807 million compared with March 31, 2015. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) decreased ¥17,289 million. On the other hand, net property, plant and equipment increased ¥30,796 million, net trade receivables increased ¥16,863 million and inventories increased ¥10,762 million.

Total liabilities increased ¥55,248 million from March 31, 2015. Long-term debt, excluding current installment decreased ¥19,488 million. On the other hand, current installment of long-term debt increased ¥34,798 million, short-term debt increased ¥16,530 million and trade payables increased ¥15,413 million.

TDK stockholders' equity, which is included in total equity, decreased ¥3,140 million from March 31, 2015. Accumulated other comprehensive income (loss) decreased ¥9,963 million, due to a decrease in foreign currencies translation adjustments compared with March 31, 2015.

(2) Cash Flows

(Yen millions)

	1H of FY2015	1H of FY2016	Change
Net cash provided by operating activities	43,915	60,910	16,995
Net cash used in investing activities	(45,012)	(67,387)	(22,375)
Net cash used in financing activities	(18,925)	(3,395)	15,530
Effect of exchange rate changes on cash and cash equivalents	13,415	(2,239)	(15,654)
Net decrease in cash and cash equivalents	(6,607)	(12,111)	(5,504)
Cash and cash equivalents at beginning of period	250,848	265,104	14,256
Cash and cash equivalents at end of period	244,241	252,993	8,752

Operating activities provided net cash of ¥60,910 million (U.S.\$507,583 thousand), an increase of ¥16,965 million year on year. It mainly came from an increase in net income.

Investing activities used net cash of ¥67,387 million (U.S.\$561,558 thousand), an increase of ¥22,375 million year on year. It mainly came from an increase in capital expenditure.

Financing activities used net cash of ¥3,395 million (U.S.\$28,292 thousand), a decrease of ¥15,530 million year on year. Net increase in short-term debt provided cash, while an acquisition of noncontrolling interests also increased.

(3) Summary Information Regarding Consolidated Projections

(Fiscal 2016 Consolidated Projections)

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2016, the year ending March 31, 2016, are as follows. TDK keeps initial projections unchanged.

Term Item	FY2016 (April 1, 2015 - March 31, 2016)	FY2015 (April 1, 2014 - March 31, 2015)	vs FY2015 Changes	
	Projection in April '15	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,180,000	1,082,560	97,440	9.0
Operating income	95,000	72,459	22,541	31.1
Income before income taxes	95,000	74,517	20,483	27.5
Net income attributable to TDK	65,000	49,440	15,560	31.5
Capital expenditures	130,000	102,525	27,475	26.8
Depreciation and amortization	90,000	80,249	9,751	12.2
Research and development	77,000	70,644	6,356	9.0

(Notes)

Management has judged that compared with TDK's projections as of April 28, 2015, there should be no major change in demand for electronic components used in major finished products based on information regarding trends in the electronics market and major finished products etc, which is currently available to TDK (as defined below).

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥115 and ¥130 respectively will be assumed from the third quarter onward.

Cautionary Statements with Respect to Forward-Looking Statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings and evaluations, about TDK Corporation and its group companies ("TDK"). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs and evaluations of TDK in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors. TDK therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK's actual results, performance, achievements or financial positions could be materially different from any future results, performance, achievements or financial positions expressed or implied by these forward-looking statements, and TDK undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in applicable

laws and ordinances.

The electronics markets in which TDK operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK include, but are not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws and regulations.

2. Other Information

(1) Changes in Significant Subsidiaries

Nothing to report.

(2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report.

(3) Accounting Policy Changes, Accounting Estimate Changes and Restatements

Nothing to report.

(4) Fundamental Policy for Distribution of Earnings, and Fiscal 2016 Dividends

TDK recognizes that achieving growth in corporate value over the long term ultimately translates into higher shareholder value. In line with this recognition, TDK's fundamental policy is to work to consistently increase dividends through growth in earnings per share. By actively investing for growth, mainly in the development of new products and technologies in key fields so as to respond precisely to rapid technological advances in the electronics industry, TDK is aiming to increase long-term corporate value. Accordingly, TDK actively reinvests its profits in business activities and sets dividends taking comprehensively into consideration the return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

Projected dividends per share for fiscal 2016 are as follows. TDK keeps initial dividend forecast unchanged.

	(Yen)	
	FY2016	FY2015 Actual
Interim dividend	60.00	40.00
Year-end dividend	(Forecast) 60.00	50.00
Annual dividend	(Forecast) 120.00	90.00

3. Consolidated Financial Statements

(1) Balance Sheets

ASSETS									
Term Item	As of March 31, 2015		As of September 30, 2015			Change from March 31, 2015	As of June 30, 2015		Change from June 30, 2015
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current assets	740,241	52.7	778,315	53.9	6,485,958	38,074	775,616	52.8	2,699
Cash and cash equivalents	265,104		252,993		2,108,275	(12,111)	282,151		(29,158)
Short-term investments	20,091		15,514		129,283	(4,577)	18,847		(3,333)
Marketable securities	1,301		700		5,833	(601)	1,301		(601)
Net trade receivables	238,089		254,952		2,124,600	16,863	240,092		14,860
Inventories	151,012		161,774		1,348,117	10,762	166,512		(4,738)
Other current assets	64,644		92,382		769,850	27,738	66,713		25,669
Noncurrent assets	664,041	47.3	666,774	46.1	5,556,450	2,733	692,189	47.2	(25,415)
Investments in securities	45,733		39,043		325,358	(6,690)	44,905		(5,862)
Net property, plant and equipment	427,254		458,050		3,817,084	30,796	450,261		7,789
Other assets	191,054		169,681		1,414,008	(21,373)	197,023		(27,342)
TOTAL	1,404,282	100.0	1,445,089	100.0	12,042,408	40,807	1,467,805	100.0	(22,716)

LIABILITIES AND EQUITY									
Term Item	As of March 31, 2015		As of September 30, 2015			Change from March 31, 2015	As of June 30, 2015		Change from June 30, 2015
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current liabilities	387,877	27.6	463,120	32.0	3,859,333	75,243	414,922	28.3	48,198
Short-term debt	136,098		152,628		1,271,900	16,530	146,910		5,718
Current installments of long-term debt	751		35,549		296,242	34,798	772		34,777
Trade payables	111,591		127,004		1,058,366	15,413	122,622		4,382
Accrued expenses	118,336		123,057		1,025,475	4,721	119,864		3,193
Other current liabilities	21,101		24,882		207,350	3,781	24,754		128
Noncurrent liabilities	258,398	18.4	238,403	16.5	1,986,692	(19,995)	268,948	18.3	(30,545)
Long-term debt, excluding current installments	131,483		111,995		933,292	(19,488)	139,281		(27,286)
Retirement and severance benefits	105,687		104,957		874,642	(730)	107,500		(2,543)
Other noncurrent liabilities	21,228		21,451		178,758	223	22,167		(716)
Total liabilities	646,275	46.0	701,523	48.5	5,846,025	55,248	683,870	46.6	17,653
Common stock	32,641		32,641		272,008	-	32,641		-
Additional paid-in capital	39,755		20,942		174,517	(18,813)	39,766		(18,824)
Legal reserve	29,685		30,288		252,400	603	30,112		176
Retained earnings	661,159		685,726		5,714,383	24,567	667,532		18,194
Accumulated other comprehensive income (loss)	(5,882)		(15,845)		(132,042)	(9,963)	12,110		(27,955)
Treasury stock	(18,497)		(18,031)		(150,258)	466	(18,247)		216
Total TDK stockholders' equity	738,861	52.6	735,721	50.9	6,131,008	(3,140)	763,914	52.0	(28,193)
Noncontrolling interests	19,146	1.4	7,845	0.6	65,375	(11,301)	20,021	1.4	(12,176)
Total equity	758,007	54.0	743,566	51.5	6,196,383	(14,441)	783,935	53.4	(40,369)
TOTAL	1,404,282	100.0	1,445,089	100.0	12,042,408	40,807	1,467,805	100.0	(22,716)

Note:

U.S.\$1=Yen 120, for convenience only.

(2) Statements of Income and Statements of Comprehensive Income

[1st half results]

Statements of Income

Term Item	1H of FY2015 (April 1, 2014 - September 30, 2014)		1H of FY2016 (April 1, 2015 - September 30, 2015)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	502,275	100.0	587,614	100.0	4,896,783	85,339	17.0
Cost of sales	376,145	74.9	429,384	73.1	3,578,200	53,239	14.2
Gross profit	126,130	25.1	158,230	26.9	1,318,583	32,100	25.4
Selling, general and administrative expenses	98,208	19.5	112,655	19.1	938,791	14,447	14.7
Operating income	27,922	5.6	45,575	7.8	379,792	17,653	63.2
Other income (deductions):							
Interest and dividend income	2,229		2,117		17,642	(112)	
Interest expense	(1,447)		(1,511)		(12,592)	(64)	
Foreign exchange gain (loss)	(1,276)		(942)		(7,850)	334	
Other-net	(72)		(1,157)		(9,642)	(1,085)	
Total other income (deductions)	(566)	-0.2	(1,493)	-0.3	(12,442)	(927)	-
Income before income taxes	27,356	5.4	44,082	7.5	367,350	16,726	61.1
Income taxes	7,769	1.5	11,368	1.9	94,733	3,599	46.3
Net income	19,587	3.9	32,714	5.6	272,617	13,127	67.0
Less: Net income attributable to noncontrolling interests	1,447	0.3	1,245	0.2	10,375	(202)	-14.0
Net income attributable to TDK	18,140	3.6	31,469	5.4	262,242	13,329	73.5

Note:

U.S.\$1=Yen 120, for convenience only.

Statements of Comprehensive Income

Term Item	1H of FY2015 (April 1, 2014 - September 30, 2014)		1H of FY2016 (April 1, 2015 - September 30, 2015)		Change
	(Yen millions)	(Yen millions)	(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	19,587	32,714	272,617		13,127
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	37,228	(9,231)	(76,925)		(46,459)
Pension liability adjustments	(2,372)	1,198	9,983		3,570
Net unrealized gains (losses) on securities	1,305	(4,761)	(39,675)		(6,066)
Total other comprehensive income (loss)	36,161	(12,794)	(106,617)		(48,955)
Comprehensive income	55,748	19,920	166,000		(35,828)
Comprehensive income attributable to noncontrolling interests	2,653	1,307	10,892		(1,346)
Comprehensive income attributable to TDK	53,095	18,613	155,108		(34,482)

Note:

U.S.\$1=Yen 120, for convenience only.

[2nd quarter results]

Statements of Income

Term Item	2Q of FY2015 (July 1, 2014 - September 30, 2014)		2Q of FY2016 (July 1, 2015 - September 30, 2015)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	264,813	100.0	308,058	100.0	2,567,150	43,245	16.3
Cost of sales	196,151	74.1	222,512	72.2	1,854,267	26,361	13.4
Gross profit	68,662	25.9	85,546	27.8	712,883	16,884	24.6
Selling, general and administrative expenses	50,335	19.0	58,111	18.9	484,258	7,776	15.4
Operating income	18,327	6.9	27,435	8.9	228,625	9,108	49.7
Other income (deductions):							
Interest and dividend income	1,093		1,033		8,608	(60)	
Interest expense	(618)		(706)		(5,883)	(88)	
Foreign exchange gain (loss)	(1,587)		(962)		(8,017)	625	
Other-net	(214)		(1,653)		(13,775)	(1,439)	
Total other income (deductions)	(1,326)	-0.5	(2,288)	-0.7	(19,067)	(962)	-
Income before income taxes	17,001	6.4	25,147	8.2	209,558	8,146	47.9
Income taxes	3,701	1.4	6,222	2.0	51,850	2,521	68.1
Net income	13,300	5.0	18,925	6.2	157,708	5,625	42.3
Less: Net income attributable to noncontrolling interests	914	0.3	555	0.2	4,625	(359)	-39.3
Net income attributable to TDK	12,386	4.7	18,370	6.0	153,083	5,984	48.3

Note:

U.S.\$1=Yen 120, for convenience only.

Statements of Comprehensive Income

Term Item	2Q of FY2015 (July 1, 2014 - September 30, 2014)		2Q of FY2016 (July 1, 2015 - September 30, 2015)		Change
	(Yen millions)	(Yen millions)	(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	13,300	18,925	157,708	5,625	
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	47,368	(27,915)	(232,625)	(75,283)	
Pension liability adjustments	(2,739)	553	4,608	3,292	
Net unrealized gains (losses) on securities	1,458	(3,727)	(31,058)	(5,185)	
Total other comprehensive income (loss)	46,087	(31,089)	(259,075)	(77,176)	
Comprehensive income (loss)	59,387	(12,164)	(101,367)	(71,551)	
Comprehensive income attributable to noncontrolling interests	2,371	314	2,616	(2,057)	
Comprehensive income (loss) attributable to TDK	57,016	(12,478)	(103,983)	(69,494)	

Note:

U.S.\$1=Yen 120, for convenience only.

(3) Statements of Cash Flows

Item	Term	1H of FY2016	
		1H of FY2015 (April 1, 2014 - September 30, 2014)	(April 1, 2015 - September 30, 2015)
		(Yen millions)	(Yen millions) (U.S.\$ thousands)
Cash flows from operating activities:			
Net income		19,587	32,714 272,617
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		39,183	41,550 346,250
Changes in assets and liabilities:			
Decrease (increase) in trade receivables		(18,634)	(20,396) (169,967)
Decrease (increase) in inventories		(8,925)	(11,865) (98,875)
Increase (decrease) in trade payables		9,660	19,275 160,625
Increase (decrease) in accrued expenses		1,125	(336) (2,800)
Decrease (increase) in other assets and liabilities, net		(3,608)	(2,830) (23,583)
Other-net		5,527	2,798 23,316
Net cash provided by operating activities		43,915	60,910 507,583
Cash flows from investing activities:			
Capital expenditures		(42,802)	(72,482) (604,017)
Proceeds from sale and maturity of short-term investments		6,369	17,461 145,509
Payment for purchase of short-term investments		(10,898)	(13,486) (112,383)
Proceeds from sale and maturity of securities		135	3,457 28,808
Payment for purchase of securities		(225)	(490) (4,083)
Acquisition of affiliates		-	(2,313) (19,275)
Proceeds from sales of tangible and intangible assets		1,727	475 3,958
Other-net		682	(9) (75)
Net cash used in investing activities		(45,012)	(67,387) (561,558)
Cash flows from financing activities:			
Proceeds from long-term debt		18,650	13,474 112,283
Repayment of long-term debt		(1,538)	(251) (2,092)
Increase (decrease) in short-term debt, net		(18,826)	18,212 151,767
Dividends paid		(5,033)	(6,298) (52,483)
Acquisition of noncontrolling interests		(14,995)	(28,504) (237,534)
Other-net		2,817	(28) (233)
Net cash used in financing activities		(18,925)	(3,395) (28,292)
Effect of exchange rate changes on cash and cash equivalents		13,415	(2,239) (18,658)
Net decrease in cash and cash equivalents		(6,607)	(12,111) (100,925)
Cash and cash equivalents at beginning of period		250,848	265,104 2,209,200
Cash and cash equivalents at end of period		244,241	252,993 2,108,275

Note:

U.S.\$1=Yen 120, for convenience only.

(4) Notes Concerning Going Concern Assumptions

Nothing to report.

(5) Segment Information

TDK has three reporting segments: Passive Components, Magnetic Application Products and Film Application Products, as well as Other, which includes products not included in these three reporting segments.

In accordance with the reorganization in 1Q of FY2016, certain products of Passive Components and Magnetic Application Products were reclassified into Other. The prior year's figures are also reclassified to conform to the new segmentation.

[1st half results]

Sales by industry segment

		1H of FY2015 (April 1, 2014 - September 30, 2014)		1H of FY2016 (April 1, 2015 - September 30, 2015)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	251,844	50.1	297,967	50.7	2,483,058	46,123	18.3
	Intersegment	1,466		1,511		12,592	45	3.1
	Total	253,310		299,478		2,495,650	46,168	18.2
Magnetic Application Products	External customers	174,444	34.7	164,624	28.0	1,371,867	(9,820)	-5.6
	Intersegment	86		110		917	24	27.9
	Total	174,530		164,734		1,372,784	(9,796)	-5.6
Film Application Products	External customers	59,719	11.9	107,297	18.3	894,142	47,578	79.7
	Intersegment	1,468		1,502		12,516	34	2.3
	Total	61,187		108,799		906,658	47,612	77.8
Other	External customers	16,268	3.3	17,726	3.0	147,716	1,458	9.0
	Intersegment	4,953		7,244		60,367	2,291	46.3
	Total	21,221		24,970		208,083	3,749	17.7
Intersegment eliminations		(7,973)		(10,367)		(86,392)	(2,394)	
Total		502,275	100.0	587,614	100.0	4,896,783	85,339	17.0

Note:

U.S.\$1=Yen 120, for convenience only.

Segment profit (loss) by industry segment

		1H of FY2015 (April 1, 2014 - September 30, 2014)		1H of FY2016 (April 1, 2015 - September 30, 2015)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		17,172	6.8	32,412	10.9	270,100	15,240	88.7
Magnetic Application Products		15,714	9.0	8,245	5.0	68,708	(7,469)	-47.5
Film Application Products		5,512	9.2	16,375	15.3	136,458	10,863	197.1
Other		(285)	-1.8	584	3.3	4,867	869	-
Sub total		38,113	7.6	57,616	9.8	480,133	19,503	51.2
Corporate and Eliminations		(10,191)		(12,041)		(100,341)	(1,850)	
Operating income		27,922	5.6	45,575	7.8	379,792	17,653	63.2

Notes:

1. U.S.\$1=Yen 120, for convenience only.
2. % to sales of each corresponding segment

[2nd quarter results]

Sales by industry segment

		2Q of FY2015 (July 1, 2014 - September 30, 2014)		2Q of FY2016 (July 1, 2015 - September 30, 2015)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	129,922	49.0	150,151	48.7	1,251,258	20,229	15.6
	Intersegment	651		746		6,217	95	14.6
	Total	130,573		150,897		1,257,475	20,324	15.6
Magnetic Application Products	External customers	89,195	33.7	85,266	27.7	710,550	(3,929)	-4.4
	Intersegment	65		47		392	(18)	-27.7
	Total	89,260		85,313		710,942	(3,947)	-4.4
Film Application Products	External customers	37,235	14.1	64,065	20.8	533,875	26,830	72.1
	Intersegment	755		766		6,383	11	1.5
	Total	37,990		64,831		540,258	26,841	70.7
Other	External customers	8,461	3.2	8,576	2.8	71,467	115	1.4
	Intersegment	3,005		4,162		34,683	1,157	38.5
	Total	11,466		12,738		106,150	1,272	11.1
Intersegment eliminations		(4,476)		(5,721)		(47,675)	(1,245)	
Total		264,813	100.0	308,058	100.0	2,567,150	43,245	16.3

Note:

U.S.\$1=Yen 120, for convenience only.

Segment profit (loss) by industry segment

		2Q of FY2015 (July 1, 2014 - September 30, 2014)		2Q of FY2016 (July 1, 2015 - September 30, 2015)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		9,415	7.2	17,382	11.6	144,850	7,967	84.6
Magnetic Application Products		8,453	9.5	4,458	5.2	37,150	(3,995)	-47.3
Film Application Products		5,226	14.0	11,643	18.2	97,025	6,417	122.8
Other		209	2.5	211	2.5	1,758	2	1.0
Sub total		23,303	8.8	33,694	10.9	280,783	10,391	44.6
Corporate and Eliminations		(4,976)		(6,259)		(52,158)	(1,283)	
Operating income		18,327	6.9	27,435	8.9	228,625	9,108	49.7

Notes:

1. U.S.\$1=Yen 120, for convenience only.
2. % to sales of each corresponding segment

(6) Notes Concerning Significant Changes in Stockholders' Equity

Nothing to report.

(7) Consolidated Supplementary Information

1. Exchange rates used for conversion

Item \ Term	As of September 30, 2014		As of September 30, 2015		As of March 31, 2015	
	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
The end of the period	109.45	138.87	119.96	134.97	120.17	130.32

2. Sales by region

[1st half results]

Region \ Term	1H of FY2015 (April 1, 2014 - September 30, 2014)		1H of FY2016 (April 1, 2015 - September 30, 2015)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas	41,487	8.2	51,194	8.7	426,617	9,707	23.4
Europe	73,887	14.7	73,800	12.5	615,000	(87)	-0.1
Asia and others	339,883	67.7	418,255	71.2	3,485,458	78,372	23.1
Overseas sales total	455,257	90.6	543,249	92.4	4,527,075	87,992	19.3
Japan	47,018	9.4	44,365	7.6	369,708	(2,653)	-5.6
Net sales	502,275	100.0	587,614	100.0	4,896,783	85,339	17.0

[2nd quarter results]

Region \ Term	2Q of FY2015 (July 1, 2014 - September 30, 2014)		2Q of FY2016 (July 1, 2015 - September 30, 2015)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas	22,292	8.4	25,986	8.4	216,550	3,694	16.6
Europe	36,969	14.0	37,331	12.1	311,092	362	1.0
Asia and others	182,431	68.9	222,920	72.4	1,857,666	40,489	22.2
Overseas sales total	241,692	91.3	286,237	92.9	2,385,308	44,545	18.4
Japan	23,121	8.7	21,821	7.1	181,842	(1,300)	-5.6
Net sales	264,813	100.0	308,058	100.0	2,567,150	43,245	16.3

Notes:

- Overseas sales are based on the location of the customers.
- U.S.\$1=Yen 120, for convenience only.

3. Company group

As of September 30, 2015, TDK Corporation had 116 consolidated subsidiaries (12 in Japan and 104 overseas). TDK Corporation also had 9 affiliates (4 in Japan and 5 overseas), the financial statements for which are accounted for by the equity method.

4. Overview of sales by product

Term Product	1Q of FY2015 (April 1, 2014 - June 30, 2014)		2Q of FY2015 (July 1, 2014 - September 30, 2014)		3Q of FY2015 (October 1, 2014 - December 31, 2014)		4Q of FY2015 (January 1, 2015 - March 31, 2015)	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%
Capacitors	36,490	15.4	37,308	14.1	37,518	12.5	37,644	13.5
Inductive devices	35,696	15.0	37,085	14.0	38,071	12.7	36,430	13.0
Other	49,736	20.9	55,529	20.9	67,645	22.5	62,846	22.4
Passive Components	121,922	51.3	129,922	49.0	143,234	47.7	136,920	48.9
Recording devices	59,074	24.8	63,739	24.0	75,088	25.0	62,605	22.4
Other	26,175	11.1	25,456	9.7	25,281	8.4	25,929	9.2
Magnetic Application Products	85,249	35.9	89,195	33.7	100,369	33.4	88,534	31.6
Film Application Products	22,484	9.5	37,235	14.1	47,417	15.8	44,139	15.8
Other	7,807	3.3	8,461	3.2	9,357	3.1	10,315	3.7
Total	237,462	100.0	264,813	100.0	300,377	100.0	279,908	100.0

Term Product	1Q of FY2016 (April 1, 2015 - June 30, 2015)		2Q of FY2016 (July 1, 2015 - September 30, 2015)		
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)
Capacitors	39,126	14.0	39,461	12.8	328,841
Inductive devices	37,895	13.6	38,570	12.5	321,417
Other	70,795	25.3	72,120	23.4	601,000
Passive Components	147,816	52.9	150,151	48.7	1,251,258
Recording devices	54,585	19.5	60,707	19.7	505,892
Other	24,773	8.9	24,559	8.0	204,658
Magnetic Application Products	79,358	28.4	85,266	27.7	710,550
Film Application Products	43,232	15.4	64,065	20.8	533,875
Other	9,150	3.3	8,576	2.8	71,467
Total	279,556	100.0	308,058	100.0	2,567,150

Notes:

1. U.S.\$1=Yen 120, for convenience only.
2. In accordance with the reorganization in 1Q of FY2016, certain products of Inductive devices, Other of Passive Components and Other of Magnetic Application Products were reclassified into Other that wasn't a part of three reportable segments. The prior year's sales are also reclassified to conform to the new segmentation.